



A STUDY ON OVERALL GROWTH OF HEALTH INSURANCE IN INDIA

Sukhada Gangopadhyay

Associate Professor, Dept. of Commerce, Chittaranjan College, Kolkata (India).

ABSTRACT

Health Insurance is developing as an alternate financing mechanism for meeting the healthcare need of individuals. The General Insurance Companies providing health insurance have gradually started capturing the market with double digit growth in terms of premium collection. The present study is an attempt to examine the overall growth of health insurance in India and also to establish whether any relationship exists between the amount of premium collection and amount of claim paid by the General Insurance Companies providing health insurance with the help of Pearson Co-relation Coefficient during the study period 2008-2018.

KEYWORDS: Health Insurance, Incurred-Claim Ratio, Growth.

I. INTRODUCTION:

Health status of the population of a country is considered as one of the important indicator for the development of that country. Health Insurance which is a tool to finance health care, has got its momentum in India very recently due to increasing rates of critical illness and diseases and high expenses incurred in hospitalization and treatment for these diseases. It is both challenging and expensive to try to attain the goal of universal health coverage in a country where majority of its population is unemployed and under employed. After the unexpected and unprecedented outbreak of COVID-19, the need of health insurance is felt all over the world and our country is not beyond of that wave. The amount of premium collection and claim paid by the insurer to the insured are the prime function of the insurance business and it is a great concern whether really there exist any relation in between this two.

II. LITERATURE REVIEW:

Randall P et al. (2000) in their article mentioned that level of health care spending are increasing day by day and it was over 6% of the country's total GDP which is considerably higher than many other developing countries and also mentioned in their study that more than ¾ th of the total spending is from 'out-of-pocket expenses' of the individual. Bhat Ramesh (2001) suggested for Public-Private Partnership (PPP) in health sector for providing health care services mainly to poor and rural population and also recommended that Government must clarify the policies and make norms for the private sector medical insurance providers. Shrinivasan R (2001) mentioned in his article that health insurance becoming the supplementary instrument for health care financing in many countries. Krishnamurti Mallikarjun (2008) has rightly mentioned medical insurance as a suitable cover which will ensure reimbursement of the cost of treatment and hospitalization for ailments and also listed few road blocks in the growth of health insurance business namely (1) high and unrealistic premium (2) delaying procedure of claim settlement and lack of diversified products etc. Bishnoi Vinod et al. (2008) highlighted the growth and progress of public and private sector health insurance business during 2002-03 to 2006-07 and also mentioned that customers' willingness to buy insurance, and the huge product base and wide array distribution channels and regulators are waiting for insurer's active participation both in urban and rural areas. Mahendran T (2008) describes about the developments in health insurance sector in India in post liberalization era and the role and importance of TPA in health insurance sector in India. Kumar Rohit (2011) identified that level of transparency and trust needed to be improved among the

insured and insurers. The relationship with intermediary also plays an important role between the customers and insurers and another important one is the 'Standardization' for each aspect like various products offered, regulations, exclusion clauses etc. will help to bring synergy among insurers and prospective customers. Bharat J Acharya (2017) investigated through his study the public and private sector health insurance providers and came into the conclusion that public sector health insurance providers were performing well due to convenient branch office locations, good reputation in the market, sound financial strength, accurate presentation of the products and plans.

III. OBJECTIVES OF THE STUDY:

The study is made with the following objectives -

- To find out the overall growth of premium collection, amount of claim paid, no. of policies and no. of persons covered during the study period 2008-2018.
- To measure the correlation between the amount of premium collection and the amount of claim paid be teen the study period 2008-2018.

IV. RESEARCH METHODOLOGY:

Nature of Research	Exploratory in nature
Nature of Data	Secondary
Source of Data	Books, Journal Article and related Working Papers, Related Websites, IRDA Annual Reports
Collection of Data	<ul style="list-style-type: none"> Total Premium Total no. of policies Total Claim Paid Total no. of persons covered
Period of Study	2008-2018
Statistical Tools	SPSS 20 <ul style="list-style-type: none"> Overall average growth analysis Regression line Curve estimation Pearson Correlation

V. ANALYSIS AND DISCUSSION:

Table I: Overall Growth of Health Insurance Sector

Year	No. of Policies	Growth Policies (%)	Gross Premium Rs.(Cr.)	Growth in Premium (%)	Premium Per Policy Rs.	Growth in Premium per policy (%)	Persons Covered ('000)	Growth in Persons Covered (%)	Premium Per Person Rs.	Growth in premium Per person (%)
2008-09	4575725	-	6087	24	13303	-	-	-	-	-
2009-10	6884687	50	8109	33	11778	-11	191701	-	423	-
2010-11	7742076	12	11030	36	14247	21	218696	14	504	19
2011-12	8179898	6	13069	18	15977	12	211760	-3	617	22
2012-13	8939429	9	15452	18	17285	8	206638	-2	747	21
2013-14	9994013	12	17494	13	17504	1	216231	5	809	8
2014-15	10899253	9	20096	15	18438	5	288032	33	698	-14

2015-16	11815498	8	24447	22	20691	12	358962	25	681	-2
2016-17	13137093	11	30391	24	23134	12	437455	22	694	2
2017-18	14729493	12	37028	22	25139	9	481986	10	768	11
Average		14.33		22.5		7.67		13		8.38

Source: Authors own calculation from IRDA Report and Hand Book of Insurance India Statistics (2008-2018)

The year 2000 is remarkable in the Indian Insurance industry as private players are allowed to enter in the Indian insurance market. At present the private companies including foreign participation are allowed to have 49% stake in this market as a result of which the number of private companies offering health insurance services are increasing day by day to capture the large health insurance market in India. The Indian health insurance sector shows an average growth of 14.33% in terms of number of policies, 22.5% in terms of average growth in gross health insurance premium and 13% in term of average growth in number of persons covered for the period under study. Only 1/3 rd. of the total population of the country are covered under any of the scheme of health insurance which suggests that a vast market exists in the Indian health insurance sector which is needed to be explored and executed. Diverse trend is noticed in the year to year growth for all the three indicators. Besides an average increase in premium per policy and premium per person are noticed as 7.67 % and 8.38% respectively over the study period.

Relationship between Net Premium Received and Net Claim Paid

Incurred-Claim Ratio (I/C): It is one of the most important indicators of health insurance business. It is the ratio between net claim paid and net premium received. Incurred - claim ratio refers to the total amount of claims paid divided by total amount of premium collected during the same period. ICR determines the company's ability to pay the claim raised by the insured. The following table reflects the total amount of health insurance premium received and claim paid by the health insurance industry as a whole.

Table II: Growth Trend in Net Premium Received and Claim Paid

Year	Net Premium (Rs. in Cr.)	Claim Paid (Rs. in Cr.)	I/C Ratio
2008-09	469371.00	497281.00	105.95
2009-10	575340.00	639404	111.13
2010-11	773828	774415	100.08
2011-12	966057.37	901342.34	93.30
2012-13	1141376.13	1083429.39	94.92
2013-14	1437370.41	1400722.07	97.45
2014-15	1726069.49	1740578.55	100.80
2015-16	2045657.00	2090018.00	102.20
2016-17	2470975.00	2608859.00	105.60
2017-18	2787524.00	2624722.00	94.00
CAGR	22.20	21.40	-

Source: Authors own calculation from IRDA Report and Hand Book of Insurance India Statistics (2008-2018)

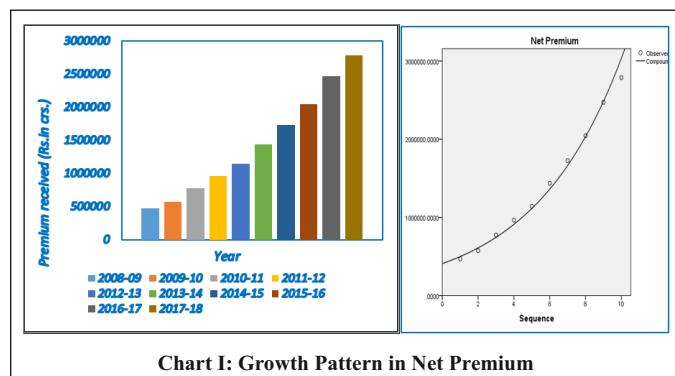


Chart I: Growth Pattern in Net Premium

Regarding net premium received it shows double digit growth i.e. CAGR 22.2% which is also reflected in Regression curve estimation also. The growth rate is also statistically significant as the p-value is less than 0.05.

Table III: Result of Regression Curve Estimation for Premium Received

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Case Sequence	1.222	.007	2.708	164.639	.000
(Constant)	409166.924	15420.527		26.534	.000

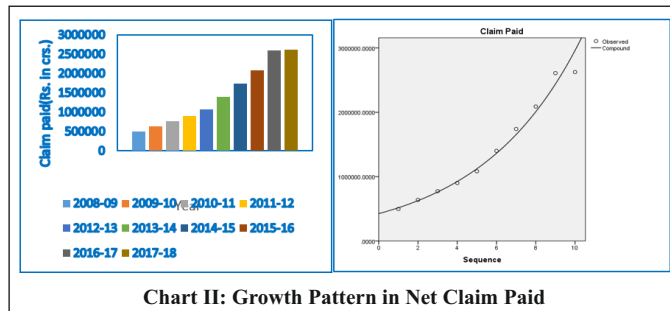


Chart II: Growth Pattern in Net Claim Paid

Regarding net claim paid it shows double digit growth i.e. CAGR 21.4% which is also reflected in Regression curve estimation also. The growth rate is also statistically significant as the p-value is less than 0.05.

Table IV: Result of Regression Curve Estimation for Claim Paid

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Case Sequence	1.214	.008	2.706	153.601	.000
(Constant)	425579.095	17191.620		24.755	.000

From the above analysis that a positive relationship exist between this two elements i.e. amount of claim paid and the amount of net premium received. Now in order to establish whether the relationship is statistically significant Pearson Correlation is used for the purpose of the study. The table below gives the result for the same.

Table V: Correlation between Net Premium and Net Claim Paid

		Net Premium	Claim Paid
Net Premium	Pearson Correlation	1	.995**
	Sig. (2-tailed)		.000
	N	10	10
Claim Paid	Pearson Correlation	.995**	1
	Sig. (2-tailed)	.000	
	N	10	10

It is also reflected from the table that net premium received and net claim paid by the health insurance providers are highly co-related since Pearson 'r' = 0.995 and p-value < 0.05 (p = 0.000) which is statistically significant also.

CONCLUSION:

The overall growth of the health insurance business in India shows a rapid spread of this sector. From the above discussion it can be concluded that double digit growth is shown both in case of overall premium collections and claims paid but till majority of the people remain uninsured. The IRDAI is formulating various regulations from time to time for smooth running of the business and presently the Central Government has taken initiatives for universal health coverage also and we are also looking forward for the same.

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